

HORIZON CABLE TV, INC.
SUPPORTING SCHEDULE 3
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED AUGUST 31, 1994

	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
OPERATING EXP - SCHED 3		
ACCOUNTING	\$ 135.00	.23
BAD DEBTS	1,614.74	2.76
BASIC PROGRAMMING	8,900.98	15.20
BANK CHARGES	10.00	.02
CONTRIBUTIONS	150.00	.26
DUES AND SUBSCRIPTIONS	689.88	1.18
FOOD & ENTERTAINMENT	188.06	.32
EQUIPMENT RENTAL	711.52	1.21
GASOLINE AND OIL	842.17	1.44
INSURANCE	835.83	1.43
INSURANCE - W/C	314.58	.54
MATERIALS	958.68	1.64
MEDICAL INSURANCE	939.22	1.60
OFFICE EXPENSE	1,548.93	2.64
PAY PROGRAMMING	5,287.15	9.03
PAYROLL TAXES	666.57	1.14
POSSESSORY INTEREST TAX	972.34	1.66
POSTAGE	231.98	.40
PERSONAL PROPERTY TAX	2,475.84	4.23
POLE ATTACHMENTS	1,550.42	2.65
RENT	468.70	.80
REPAIRS & MAINTENANCE	155.88	.27
SALARIES - OFFICE	1,748.00	2.98
SALARIES - OTHER	1,429.21	2.44
STATEMENT EXPENSE	1,015.59	1.73
SUPPLIES	431.13	.74
TELEPHONE	845.33	1.44
TRAVEL	592.20	1.01
TRUCK EXPENSE	251.17	.43
UTILITIES	850.04	1.45
MISCELLANEOUS	45.36	.08
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TOTAL OPERATING EXPENSES	\$ 36,856.50	62.95

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT
AUGUST 31, 1994
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

THE COMPANY CONSTRUCTS, OPERATES AND MAINTAINS CABLE TELEVISION SYSTEMS IN THE FAIRFAX AREA. THE CORPORATION GRANTS CREDIT TO CUSTOMERS, SUBSTANTIALLY ALL OF WHOM ARE LOCAL RESIDENTS.

FIXED ASSETS

FIXED ASSETS CONSIST OF CABLE TV SYSTEMS, TEST AND OPERATING EQUIPMENT, OFFICE EQUIPMENT AND VEHICLES. DEPRECIATION ON THESE ASSETS IS COMPUTED FOR FINANCIAL STATEMENT PURPOSES BY A COMBINATION OF BOTH STRAIGHT-LINE AND DECLINING BALANCE METHODS APPLIED TO INDIVIDUAL ASSETS. THE ESTIMATED LIVES ARE FROM FIVE TO FIFTEEN YEARS.

FOR FEDERAL INCOME TAX PURPOSES, THE MODIFIED ACCELERATED COST RECOVERY SYSTEM IS USED FOR ASSETS ACQUIRED AFTER 1986.

BAD DEBTS

NO PROVISION HAS BEEN MADE FOR ACCOUNTS RECEIVABLE THAT MAY BE UNCOLLECTIBLE. IT HAS BEEN THE POLICY OF MANAGEMENT TO WRITE OFF BAD DEBTS IMMEDIATELY UPON SUCH DETERMINATION.

COMMON STOCK

10,000 SHARES OF COMMON STOCK WERE AUTHORIZED AND 4,000 SHARES HAVE BEEN ISSUED AT \$ 30.00 PER SHARE.

INCOME TAXES

INCOME TAXES FOR HORIZON CABLE TV, INC. FOR THE YEAR ENDED JULY 31, 1994 WERE \$ 800.00 FOR CALIFORNIA AND \$ -0- FOR FEDERAL. THE COMPANY FILES A CONSOLIDATED TAX RETURN WITH ITS PARENT CORPORATION, VIDEO ENGINEERING, INC. HORIZON CABLE TV, INC. IS A WHOLLY-OWNED SUBSIDIARY OF VIDEO ENGINEERING, INC., A PRIVATELY-HELD CORPORATION.

THE DIFFERENCES BETWEEN PRE-TAX ACCOUNTING INCOME AND TAXABLE INCOME, SUCH AS THE USE OF ACCELERATED METHODS OF DEPRECIATION, ARE NOT DEEMED TO BE MATERIAL. THEREFORE, A DEFERRED TAX LIABILITY HAS NOT BEEN RECOGNIZED.

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT - CONT'D
AUGUST 31, 1994
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

STATEMENT OF CASH FLOWS

THE STATEMENT OF CASH FLOWS USES THE DIRECT METHOD.
THE CORPORATION CONSIDERS ALL HIGHLY LIQUID DEBT
INSTRUMENTS PURCHASED WITH A MATURITY OF THREE MONTHS
OR LESS TO BE CASH EQUIVALENTS.

LOAN FEES

LOAN FEES OF \$ 5,426.63, DATED NOVEMBER 11, 1993, ARE
BEING AMORTIZED OVER THE ONE YEAR LIFE OF THE LOAN.

NOTE B OPERATING LEASE

THE COMPANY IS LEASING A COMPUTER AND SOFTWARE FROM
ADVANTA. THE LEASE IS FOR A FOUR YEAR TERM BEGINNING
FEBRUARY, 1991 WITH A MONTHLY RENTAL OF \$ 251.90. THE
REMAINING COMMITMENT UNDER THE LEASE IS \$ 1,511.40.

THE COMPANY IS ALSO LEASING APPROXIMATELY 2,000 SQUARE
FEET OF LAND IN MARIN COUNTY UNDER A 20 YEAR LEASE
THAT BEGAN DECEMBER 1, 1981. THIS LEASE MAY BE
TERMINATED AT ANY TIME. THIS LEASE ALSO PROVIDES AN
OPTION TO EXTEND THE LEASE AN ADDITIONAL TEN YEARS
UPON EXPIRATION. THE CURRENT LEASE PAYMENT IS
\$ 3,250.00 PER YEAR.

NOTE C RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS ARE INCLUDED ON THE SCHEDULE
OF NOTES PAYABLE AND CONSIST OF THE FOLLOWING:

VIDEO ENGINEERING, INC.	\$ 41,503.00
KEN DANIEL	\$ 640,249.99



ROBERTS, EXBERGER & LUMBERT ACCOUNTANCY CORPORATION

SEPTEMBER 12, 1994

HORIZON CABLE TV, INC.
FAIRFAX, CALIFORNIA

WE HAVE REVIEWED THE ACCOMPANYING BALANCE SHEET OF HORIZON CABLE TV, INC., AT JULY 31, 1994, AND THE RELATED STATEMENTS OF INCOME AND CASH FLOWS FOR THE MONTH AND YEAR THEN ENDED, IN ACCORDANCE WITH STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ISSUED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. ALL INFORMATION INCLUDED IN THESE FINANCIAL STATEMENTS IS THE REPRESENTATION OF THE MANAGEMENT OF HORIZON CABLE TV, INC.

A REVIEW CONSISTS PRINCIPALLY OF INQUIRIES OF COMPANY PERSONNEL AND ANALYTICAL PROCEDURES APPLIED TO FINANCIAL DATA. IT IS SUBSTANTIALLY LESS IN SCOPE THAN AN EXAMINATION IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS, THE OBJECTIVE OF WHICH IS THE EXPRESSION OF AN OPINION REGARDING THE FINANCIAL STATEMENTS TAKEN AS A WHOLE. ACCORDINGLY, WE DO NOT EXPRESS SUCH AN OPINION.

BASED ON OUR REVIEW, WE ARE NOT AWARE OF ANY MATERIAL MODIFICATIONS THAT SHOULD BE MADE TO THE ACCOMPANYING FINANCIAL STATEMENTS IN ORDER FOR THEM TO BE IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

THE SUPPLEMENTARY INFORMATION CONTAINED IN THE SUPPORTING SCHEDULE OF INCOME AND THE SCHEDULE OF NOTES PAYABLE IS PRESENTED FOR PURPOSES OF ADDITIONAL ANALYSIS AND HAS BEEN REVIEWED BY US FROM INFORMATION THAT IS THE REPRESENTATION OF MANAGEMENT OF HORIZON CABLE TV, INC., WITHOUT AUDIT. ACCORDINGLY, WE DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON SUCH SUPPLEMENTARY INFORMATION.

Roberts, Exberger + Lumbert

HORIZON CABLE TV, INC.
BALANCE SHEET
SEE ACCOUNTANT'S
REVIEW REPORT

AS OF JULY 31, 1994

ASSETS

CURRENT ASSETS

PETTY CASH	\$	40.00	
CASH IN BANK - WELLS FARGO		222.04	
CASH - SMITH BARNEY SHEARSON		4.25	
CASH IN BANK-SILICON VALLEY BK		(9,624.98)	
CASH IN BANK-SILICON VALLEY BK		48,192.31	
ACCOUNTS RECEIVABLE		22,047.68	
EMPLOYEE ADVANCES		250.00	
PREPAID RENT		144.71	
PREPAID EXPENSES		2,207.47	
PREPAID INSURANCE		7,217.12	

TOTAL CURRENT ASSETS			\$ 70,700.60

FIXED ASSETS - NOTE A

CATV - HAMILTON FIELD	\$	542,608.07	
CATV - LUCAS VALLEY		27,333.64	
CATV - DILLION BEACH		27,089.93	
CATV - POINT MOLATE		25,752.72	
CATV - WEST MARIN		1,827,497.33	
OPERATING EQUIPMENT		15,524.46	
OFFICE EQUIPMENT		24,054.65	
VEHICLES		31,321.73	
ACCUMULATED DEPRECIATION		(632,359.00)	

TOTAL FIXED ASSETS			\$ 1,888,823.53

OTHER ASSETS

DEPOSITS	\$	251.90	
LOAN FEES - NOTE A		1,356.65	

TOTAL OTHER ASSETS			\$ 1,608.55

TOTAL ASSETS			\$ 1,961,132.68
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ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
BALANCE SHEET
SEE ACCOUNTANT'S
REVIEW REPORT

AS OF JULY 31, 1994

LIABILITIES AND EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$	13,141.97
NOTES PAYABLE - SCHEDULE 1		1,309,125.59
FEDERAL P/R TAXES PAYABLE		2,310.89
STATE P/R TAXES PAYABLE		497.00
ACCRUED INT-SILICON VALLEY BK		5,707.00
ACCRUED INT - VIDEO ENG.		5,284.42
ACCRUED INT - KEN DANIEL		160,387.55
ACCRUED PAYROLL		2,215.00
CONVERTER DEPOSITS		21,660.00

TOTAL CURRENT LIABILITIES		\$	1,520,329.42
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LONG TERM LIABILITIES

NOTES PAYABLE - SCHEDULE 1	\$	681,752.99
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TOTAL LONG TERM LIABILITIES		\$	681,752.99
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TOTAL LIABILITES		\$	2,202,082.41
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STOCKHOLDERS EQUITY

COMMON STOCK - NOTE A	\$	120,000.00
RETAINED EARNINGS (DEFICITS)		(204,869.79)
NET INCOME (LOSS)		(156,079.94)

TOTAL EQUITY		\$	(240,949.73)
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TOTAL LIABILITIES AND EQUITY		\$	1,961,132.68
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HORIZON CABLE TV, INC.
INCOME STATEMENT
SEE ACCOUNTANT'S
REVIEW REPORT

FOR THE MONTH ENDED 7/31/94 & THE YEAR ENDED 7/31/94

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME - SCHEDULE 2				
CATV INCOME - SCHEDULE 2	\$ 56,712.77	99.82	\$ 709,860.29	99.27
OTHER INCOME	.00	.00	2,562.75	.36
INTEREST INCOME	104.13	.18	2,323.53	.32
DIVIDEND INCOME	.00	.00	360.03	.05
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TOTAL INCOME	\$ 56,816.90	100.00	\$ 715,106.60	100.00
OPERATING EXP - SCHED 3	\$ 26,183.29	46.08	\$ 406,041.73	56.78
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OPERATING INCOME (LOSS)	\$ 30,633.61	53.92	\$ 309,064.87	43.22
MANAGEMENT FEES	\$ 4,125.00	7.26	\$ 56,213.66	7.86
INTEREST	16,713.80	29.42	188,649.09	26.38
AMORTIZATION OF LOAN FEES	452.22	.80	29,463.88	4.12
DEPRECIATION	14,613.00	25.72	173,838.00	24.31
GAIN/LOSS FROM SALE OF ASSETS	.00	.00	(1,545.12)	(.22)
CALIFORNIA FRANCHISE TAX	.00	.00	800.00	.11
EXTRAORDINARY ITEM - NOTE D	(17,725.30)	(31.20)	(17,725.30)	(2.48)
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NET INCOME (LOSS)	\$ (22,995.71)	(40.48)	\$ (156,079.94)	(21.82)
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HORIZON CABLE TV, INC.
STATEMENT OF CASH FLOWS
SEE ACCOUNTANT'S
REVIEW REPORT

FOR THE MONTH ENDED 7/31/94 & THE YEAR ENDED 7/31/94

	CURRENT PERIOD	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 54,262.79	\$ 702,675.40
CASH PAID TO SUPPLIERS AND EMPLOYEES	(29,178.36)	(462,956.28)
INTEREST RECEIVED	104.13	2,422.76
DIVIDEND INCOME	.00	360.03
INTEREST PAID	(11,212.01)	(131,538.64)
INCOME TAXES PAID	.00	(800.00)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 13,976.55	\$ 110,163.27
CASH FLOWS FROM INVESTING ACTIVITIES		
CAPITAL EXPENDITURES	\$ (4,599.45)	\$ (74,979.02)
MARKETABLE SECURITIES	.00	(14,580.76)
PROCEEDS FROM SALE OF MARKETABLE SECURITIES	.00	102,143.93
LOAN FEES	.00	(5,426.63)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	\$ (4,599.45)	\$ 7,157.52
CASH FLOWS FROM FINANCING ACTIVITIES:		
PRINCIPAL PAYMENTS	\$ (11,470.70)	\$ (115,906.50)
PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT	.00	11,464.34
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NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ (11,470.70)	\$ (104,442.16)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (2,093.60)	\$ 12,878.63
CASH/CASH EQUIVALENTS BEGINNING OF PERIOD	\$ 40,927.22	\$ 25,954.99
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CASH EQUIVALENTS END OF PERIOD	\$ 38,833.62	\$ 38,833.62
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HORIZON CABLE TV, INC.
STATEMENT OF CASH FLOWS
SEE ACCOUNTANT'S
REVIEW REPORT

FOR THE MONTH ENDED 7/31/94 & THE YEAR ENDED 7/31/94

	CURRENT PERIOD	YEAR-TO-DATE
RECONCILIATION OF NET INCOME TO OPERATING CASH:		
NET INCOME (LOSS)	\$ (22,995.71)	\$ (156,079.94)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET OPERATING CASH		
DEPRECIATION AND AMORTIZATION	\$ 15,065.22	\$ 203,301.88
GAIN/LOSS FROM SALE OF ASSETS	.00	(1,545.12)
CHANGE IN ASSETS & LIABILITIES		
INCR/DECR IN PURCHASED INTEREST	\$.00	\$ 99.23
INCR/INCR IN ACCOUNTS RECEIVABLE	(2,535.21)	(7.04)
INCR/INCR IN EMPLOYEE ADVANCES	(250.00)	(250.00)
DECR/DECR IN PREPAID RENT	468.70	774.52
DECR/INCR IN PREPAID INSURANCE	1,150.41	(7,217.12)
INCR/DECR IN PREPAID EXPENSES	(216.31)	1,615.28
INCR/INCR IN ACCOUNTS PAYABLE	757.85	1,241.97
INCR/DECR IN ACCRUED INT-SILICON VALLEY BK	145.76	(82.82)
INCR/DECR IN ACCRUED INT - VIDEO ENG.	326.12	(2,460.20)
INCR/INCR IN ACCRUED INT - KEN DANIEL	5,029.91	59,223.85
INCR/INCR IN ACCRUED PAYROLL	433.40	.00
INCR/INCR IN CONVERTER DEPOSITS	17,816.63	11,783.65
INCR/DECR IN OTHER LIABILITIES	(1,220.22)	(234.87)
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TOTAL ADJUSTMENTS	\$ 36,972.26	\$ 266,243.21
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NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 13,976.55	\$ 110,163.27
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HORIZON CABLE TV, INC.
SCHEDULE 1
NOTES PAYABLE
JULY 31, 1994
SEE ACCOUNTANT'S REVIEW REPORT

	LENDER	SHORT TERM	LONG TERM	TOTAL
1.	SILICON VALLEY BANK	\$ 1,293,167.00	\$ 0	\$ 1,293,167.00
2.	VIDEO ENGIN. INC.	0	41,503.00	41,503.00
3.	KEN DANIEL	0	640,249.99	640,249.99
4.	JIM LEE	8,609.03	0	8,609.03
5.	GMAC	2,254.44	0	2,254.44
6.	IMPERIAL PREMIUM	5,095.12	0	5,095.12
		<u>\$ 1,309,125.59</u>	<u>\$ 681,752.99</u>	<u>\$ 1,990,878.58</u>

	DUE DATE	INTEREST RATE	PAYABLE	COLLATERAL
1.	12/15/94	P + 3.00%		SHAREHOLDER'S REAL ESTATE
2.	DEMAND	9.25%	INT SEMI-ANNUALLY	UNSECURED
3.		9.25%	*	UNSECURED
4.	5/1/95	10%	\$ 900.86 P/MO.	UNSECURED
5.	AMORTIZED	4.9%	\$ 385.39 P/MO.	CHEVY TRUCK
6.	11/12/94	9.25%	\$ 1,273.78 P/MO.	UNSECURED

*PAYMENTS ON THIS OBLIGATION HAVE BEEN SUSPENDED INDEFINITELY.

AS OF JULY 31, 1994 PRINCIPAL PAYMENTS ARE DUE AS FOLLOWS:

YEAR ENDED JULY 31,

1995	\$ 1,309,125.59
1996	0
1997	0
1998	0
THEREAFTER	<u>681,752.99</u>
	<u>\$ 1,990,878.58</u>

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HORIZON CABLE TV, INC.
SUPPORTING SCHEDULE 2
SEE ACCOUNTANT'S
REVIEW REPORT

FOR THE MONTH ENDED 7/31/94 & THE YEAR ENDED 7/31/94

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME				
HA - INCOME	\$ 18,862.76	33.20	\$ 252,671.38	35.33
LV - INCOME	8,263.20	14.54	102,946.79	14.40
RW - INCOME	150.00	.26	1,823.50	.25
PM - INCOME	4.91	.01	2,177.70	.30
PR - INCOME	19,781.95	34.82	239,420.63	33.48
SB - INCOME	9,649.95	16.98	110,820.29	15.50
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TOTAL INCOME	\$ 56,712.77	99.81	\$ 709,860.29	99.26

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HORIZON CABLE TV, INC.
SUPPORTING SCHEDULE 3
SEE ACCOUNTANT'S
REVIEW REPORT

FOR THE MONTH ENDED 7/31/94 & THE YEAR ENDED 7/31/94

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
OPERATING EXP - SCHED 3				
ACCOUNTING	\$ 1,185.00	2.09	\$ 7,060.00	.99
ADVERTISING	.00	.00	190.00	.03
BAD DEBTS	(85.23)	(.15)	6,848.69	.96
BASIC PROGRAMMING	7,364.91	12.96	93,436.04	13.07
BANK CHARGES	853.48	1.50	3,702.38	.52
CONTRIBUTIONS	100.00	.18	880.00	.12
COPYRIGHT FEES	.00	.00	1,951.11	.27
DUES AND SUBSCRIPTIONS	7.61	.01	3,910.11	.55
FOOD & ENTERTAINMENT	119.15	.21	1,097.39	.15
EQUIPMENT RENTAL	711.52	1.25	9,918.66	1.39
FRANCHISE APPLICATION FEES	.00	.00	10,276.77	1.44
GASOLINE AND OIL	647.28	1.14	8,491.17	1.19
INSURANCE	935.83	1.65	8,314.22	1.16
INSURANCE - W/C	314.58	.55	4,025.43	.56
LEGAL	36.00	.06	4,801.44	.67
LICENSES AND PERMITS	562.50	.99	2,877.24	.40
MATERIALS	51.39	.09	5,911.94	.83
MEDICAL INSURANCE	824.16	1.45	10,142.81	1.42
OFFICE EXPENSE	(90.42)	(.16)	11,794.53	1.65
PAY PROGRAMMING	4,759.14	8.38	65,281.54	9.13
PAYROLL TAXES	698.01	1.23	11,309.32	1.58
POSSESSORY INTEREST TAX	.00	.00	5,686.64	.80
POSTAGE	461.74	.81	4,278.08	.60
PERSONAL PROPERTY TAX	.00	.00	15,806.84	2.21
POLE ATTACHMENTS	.00	.00	5,183.62	.72
RENT	468.70	.82	6,218.13	.87
REPAIRS & MAINTENANCE	155.88	.27	5,392.43	.75
SALARIES - OFFICE	1,746.00	3.07	20,160.00	2.82
SALARIES - OTHER	1,373.60	2.42	19,880.38	2.78
STATEMENT EXPENSE	540.42	.95	9,771.03	1.37
SMALL TOOLS	391.71	.69	1,168.19	.16
SUPPLIES	467.09	.82	5,627.86	.79
TAXES - OTHER	5.00	.01	33.93	.00
TELEPHONE	325.60	.57	7,183.39	1.00
TRAINING	.00	.00	2,563.33	.36
TRAVEL	(23.95)	(.04)	6,646.49	.93
TRUCK EXPENSE	154.54	.27	6,367.49	.89
UTILITIES	1,111.55	1.96	11,304.97	1.58
MISCELLANEOUS	10.50	.02	548.14	.08
TOTAL OPERATING EXPENSES	\$ 26,183.29	46.07	\$ 406,041.73	56.79

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NOTES TO FINANCIAL STATEMENT
JULY 31, 1994
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FIXED ASSETS

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FOR FEDERAL INCOME TAX PURPOSES, THE MODIFIED ACCELERATED COST RECOVERY SYSTEM IS USED FOR ASSETS ACQUIRED AFTER 1986.

BAD DEBTS

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COMMON STOCK

10,000 SHARES OF COMMON STOCK WERE AUTHORIZED AND 4,000 SHARES HAVE BEEN ISSUED AT \$ 30.00 PER SHARE.

INCOME TAXES

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THE DIFFERENCES BETWEEN PRE-TAX ACCOUNTING INCOME AND TAXABLE INCOME, SUCH AS THE USE OF ACCELERATED METHODS OF DEPRECIATION, ARE NOT DEEMED TO BE MATERIAL. THEREFORE, A DEFERRED TAX LIABILITY HAS NOT BEEN RECOGNIZED.

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NOTES TO FINANCIAL STATEMENT - CONT'D
JULY 31, 1994
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THE STATEMENT OF CASH FLOWS USES THE DIRECT METHOD. THE CORPORATION CONSIDERS ALL HIGHLY LIQUID DEBT INSTRUMENTS PURCHASED WITH A MATURITY OF THREE MONTHS OR LESS TO BE CASH EQUIVALENTS.

LOAN FEES

LOAN FEES OF \$ 5,426.63, DATED NOVEMBER 11, 1993, ARE BEING AMORTIZED OVER THE ONE YEAR LIFE OF THE LOAN.

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THE COMPANY IS ALSO LEASING APPROXIMATELY 2,000 SQUARE FEET OF LAND IN MARIN COUNTY UNDER A 20 YEAR LEASE THAT BEGAN DECEMBER 1, 1981. THIS LEASE MAY BE TERMINATED AT ANY TIME. THIS LEASE ALSO PROVIDES AN OPTION TO EXTEND THE LEASE AN ADDITIONAL TEN YEARS UPON EXPIRATION. THE CURRENT LEASE PAYMENT IS \$ 3,250.00 PER YEAR.

NOTE C RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS ARE INCLUDED ON THE SCHEDULE OF NOTES PAYABLE AND CONSIST OF THE FOLLOWING:

VIDEO ENGINEERING, INC.	\$ 41,503.00
KEN DANIEL	\$ 640,249.99

NOTE D EXTRAORDINARY ITEM

AN ADJUSTMENT WAS MADE TO CORRECT ERRORS IN RECORDING CABLE DISCONNECT REFUNDS. THE ACCOUNTS RECEIVABLE SYSTEM WAS PUT INTO EFFECT THREE YEARS AGO AND HAS DUPLICATED THE ENTRIES INTO THE CONVERTER DEPOSIT ACCOUNT. THE ACCUMULATIVE EFFECT OF THE ERROR HAS BEEN ADJUSTED IN THE CURRENT PERIOD, WHEN DISCOVERED.



ROBERTS, EXBERGER & LUMBERT ACCOUNTANCY CORPORATION

JULY 26, 1994

HORIZON CABLE TV, INC.
FAIRFAX, CALIFORNIA

WE HAVE COMPILED THE ACCOMPANYING BALANCE SHEET OF HORIZON CABLE TV, INC., AT JUNE 30, 1994, AND THE RELATED STATEMENTS OF INCOME AND CASH FLOWS FOR THE ELEVEN MONTHS THEN ENDED, IN ACCORDANCE WITH STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ISSUED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

A COMPILATION IS LIMITED TO PRESENTING IN THE FORM OF FINANCIAL STATEMENTS INFORMATION THAT IS THE REPRESENTATION OF MANAGEMENT. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING FINANCIAL STATEMENTS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON THEM.

Roberts, Exberger & Lumbert

HORIZON CABLE TV, INC.
BALANCE SHEET
SEE ACCOUNTANT'S
COMPILATION REPORT

AS OF JUNE 30, 1994

ASSETS

CURRENT ASSETS

PETTY CASH	\$	40.00	
CASH IN BANK - WELLS FARGO		220.43	
CASH - SMITH BARNEY SHEARSON		4.25	
CASH IN BANK-SILICON VALLEY BK		(9,425.64)	
CASH IN BANK-SILICON VALLEY BK		50,088.18	
ACCOUNTS RECEIVABLE		19,512.47	
PREPAID RENT		613.41	
PREPAID EXPENSES		1,991.16	
PREPAID INSURANCE		8,367.53	

TOTAL CURRENT ASSETS			\$ 71,411.79

FIXED ASSETS - NOTE A

CATV - HAMILTON FIELD	\$	542,536.06	
CATV - LUCAS VALLEY		25,052.24	
CATV - DILLION BEACH		27,257.43	
CATV - POINT MOLATE		25,752.72	
CATV - WEST MARIN		1,825,272.13	
OPERATING EQUIPMENT		15,524.46	
OFFICE EQUIPMENT		23,866.31	
VEHICLES		31,321.73	
ACCUMULATED DEPRECIATION		(617,746.00)	

TOTAL FIXED ASSETS			\$ 1,898,837.08

OTHER ASSETS

DEPOSITS	\$	251.90	
LOAN FEES - NOTE A		1,808.87	

TOTAL OTHER ASSETS			\$ 2,060.77

TOTAL ASSETS			\$ 1,972,309.64
			=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
BALANCE SHEET
SEE ACCOUNTANT'S
COMPILATION REPORT

AS OF JUNE 30, 1994

LIABILITIES AND EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$ 12,384.12
NOTES PAYABLE - SCHEDULE 1	1,320,596.29
FEDERAL P/R TAXES PAYABLE	3,398.26
STATE P/R TAXES PAYABLE	629.85
ACCRUED INT-SILICON VALLEY BK	5,561.24
ACCRUED INT - VIDEO ENG.	4,958.30
ACCRUED INT - KEN DANIEL	155,357.64
ACCRUED PAYROLL	1,781.60
CONVERTER DEPOSITS	3,843.37

TOTAL CURRENT LIABILITIES	-----	\$ 1,508,510.67
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LONG TERM LIABILITIES

NOTES PAYABLE - SCHEDULE 1	\$ 681,752.99
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TOTAL LONG TERM LIABILITIES	-----	\$ 681,752.99
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TOTAL LIABILITES	-----	\$ 2,190,263.66
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STOCKHOLDERS EQUITY

COMMON STOCK - NOTE A	\$ 120,000.00
RETAINED EARNINGS (DEFICITS)	(204,869.79)
NET INCOME (LOSS)	(133,084.23)

TOTAL EQUITY	-----	\$ (217,954.02)
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TOTAL LIABILITIES AND EQUITY	-----	\$ 1,972,309.64
		=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
INCOME STATEMENT
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED 6/30/94 & THE ELEVEN MONTHS ENDED 6/30/94

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME - SCHEDULE 2				
CATV INCOME - SCHEDULE 2	\$ 58,754.59	99.81	\$ 653,147.52	99.22
OTHER INCOME	.00	.00	2,562.75	.39
INTEREST INCOME	112.39	.19	2,219.40	.34
DIVIDEND INCOME	.00	.00	360.03	.05
	-----	-----	-----	-----
TOTAL INCOME	\$ 58,866.98	100.00	\$ 658,289.70	100.00
OPERATING EXP - SCHED 3	\$ 29,650.48	50.37	\$ 379,858.44	57.70
	-----	-----	-----	-----
OPERATING INCOME (LOSS)	\$ 29,216.50	49.63	\$ 278,431.26	42.30
MANAGEMENT FEES	\$ 4,631.00	7.87	\$ 52,088.66	7.91
INTEREST	16,611.46	28.22	171,935.29	26.12
AMORTIZATION OF LOAN FEES	452.22	.77	29,011.66	4.41
DEPRECIATION	14,662.00	24.91	159,225.00	24.19
GAIN/LOSS FROM SALE OF ASSETS	.00	.00	(1,545.12)	(.23)
CALIFORNIA FRANCHISE TAX	.00	.00	800.00	.12
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ (7,140.18)	(12.14)	\$ (133,084.23)	(20.22)
	=====	=====	=====	=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
STATEMENT OF CASH FLOWS
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED 6/30/94 & THE ELEVEN MONTHS ENDED 6/30/94

	CURRENT PERIOD	YEAR-TO-DATE
RECONCILIATION OF NET INCOME TO OPERATING CASH:		
NET INCOME (LOSS)	\$ (7,140.18)	\$ (133,084.23)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET OPERATING CASH		
DEPRECIATION AND AMORTIZATION	\$ 15,114.22	\$ 188,236.66
GAIN/LOSS FROM SALE OF ASSETS	.00	(1,545.12)
CHANGE IN ASSETS & LIABILITIES		
INCR/DECR IN PURCHASED INTEREST	\$.00	\$ 99.23
DECR/DECR IN ACCOUNTS RECEIVABLE	2,922.37	2,528.17
DECR/INCR IN PREPAID TAXES	1,773.46	.00
INCR/DECR IN PREPAID RENT	(410.82)	305.82
DECR/INCR IN PREPAID INSURANCE	1,150.41	(8,367.53)
DECR/DECR IN PREPAID EXPENSES	649.69	1,831.59
DECR/INCR IN ACCOUNTS PAYABLE	(20,920.16)	484.12
DECR/DECR IN ACCRUED INT-SILICON VALLEY BK	(207.94)	(228.58)
INCR/DECR IN ACCRUED INT - VIDEO ENG.	315.60	(2,786.32)
INCR/INCR IN ACCRUED INT - KEN DANIEL	4,867.80	54,193.94
DECR/DECR IN ACCRUED PAYROLL	(3,546.40)	(433.40)
DECR/DECR IN CONVERTER DEPOSITS	(1,650.47)	(6,032.98)
INCR/INCR IN OTHER LIABILITIES	1,225.87	985.35
	-----	-----
TOTAL ADJUSTMENTS	\$ 1,283.63	\$ 229,270.95
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (5,856.55)	\$ 96,186.72
	=====	=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
STATEMENT OF CASH FLOWS
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED 6/30/94 & THE ELEVEN MONTHS ENDED 6/30/94

	CURRENT PERIOD	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 60,580.04	\$ 648,412.61
CASH PAID TO SUPPLIERS AND EMPLOYEES	(54,912.98)	(433,777.92)
INTEREST RECEIVED	112.39	2,318.63
DIVIDEND INCOME	.00	360.03
INTEREST PAID	(11,636.00)	(120,326.63)
INCOME TAXES PAID	.00	(800.00)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (5,856.55)	\$ 96,186.72
CASH FLOWS FROM INVESTING ACTIVITIES		
CAPITAL EXPENDITURES	\$ (4,843.68)	\$ (70,379.57)
MARKETABLE SECURITIES	.00	(14,580.76)
PROCEEDS FROM SALE OF MARKETABLE SECURITIES	.00	102,143.93
LOAN FEES	.00	(5,426.63)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	\$ (4,843.68)	\$ 11,756.97
CASH FLOWS FROM FINANCING ACTIVITIES:		
PRINCIPAL PAYMENTS	\$ (11,462.38)	\$ (104,435.80)
PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT	.00	11,464.34
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ (11,462.38)	\$ (92,971.46)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (22,162.61)	\$ 14,972.23
CASH/CASH EQUIVALENTS BEGINNING OF PERIOD	\$ 63,089.83	\$ 25,954.99
	-----	-----
CASH EQUIVALENTS END OF PERIOD	\$ 40,927.22	\$ 40,927.22
	=====	=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
SCHEDULE 1
NOTES PAYABLE
JUNE 30, 1994
SEE ACCOUNTANT'S COMPILATION REPORT

	LENDER	SHORT TERM	LONG TERM	TOTAL
1.	SILICON VALLEY BANK	\$ 1,302,167.00	\$ 0	\$ 1,302,167.00
2.	VIDEO ENGIN. INC.	0	41,503.00	41,503.00
3.	KEN DANIEL	0	640,249.99	640,249.99
4.	JIM LEE	9,431.30	0	9,431.30
5.	GMAC	2,629.09	0	2,629.09
6.	IMPERIAL PREMIUM	6,368.90	0	6,368.90
		<u>\$ 1,320,596.29</u>	<u>\$ 681,752.99</u>	<u>\$ 2,002,349.28</u>

	DUE DATE	INTEREST RATE	PAYABLE	COLLATERAL
1.	12/15/94	P + 3.00%		SHAREHOLDER'S REAL ESTATE
2.	DEMAND	9.25%	INT SEMI-ANNUALLY	UNSECURED
3.		9.25%	*	UNSECURED
4.	6/3/94	10%	\$ 900.86 P/MO.	UNSECURED
5.	AMORTIZED	4.9%	\$ 385.39 P/MO.	CHEVY TRUCK
6.	11/12/94	9.25%	\$ 1,273.78 P/MO.	UNSECURED

*PAYMENTS ON THIS OBLIGATION HAVE BEEN SUSPENDED INDEFINITELY.

AS OF JUNE 30, 1994 PRINCIPAL PAYMENTS ARE DUE AS FOLLOWS:

YEAR ENDED JULY 31,	AMOUNT
1994	\$ 11,470.70
1995	1,309,125.59
1996	0
1997	0
THEREAFTER	<u>681,752.99</u>
	<u>\$ 2,002,349.28</u>

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
SUPPORTING SCHEDULE 2
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED 6/30/94 & THE ELEVEN MONTHS ENDED 6/30/94

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME				
HA - INCOME	\$ 20,764.97	35.27	\$ 233,808.62	35.52
LV - INCOME	8,533.73	14.50	94,683.59	14.38
RW - INCOME	150.00	.25	1,673.50	.25
PM - INCOME	44.00	.07	2,172.79	.33
PR - INCOME	19,866.54	33.75	219,638.68	33.37
SB - INCOME	9,395.35	15.96	101,170.34	15.37
	-----	-----	-----	-----
TOTAL INCOME	\$ 58,754.59	99.80	\$ 653,147.52	99.22

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
SUPPORTING SCHEDULE 3
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED 6/30/94 & THE ELEVEN MONTHS ENDED 6/30/94

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO		YEAR-TO-DATE AMOUNT	Y-T-D RATIO
OPERATING EXP - SCHED 3					
ACCOUNTING	\$ 700.00	1.19	\$	5,875.00	.89
ADVERTISING	.00	.00		190.00	.03
BAD DEBTS	46.92	.08		6,933.92	1.05
BASIC PROGRAMMING	7,124.35	12.10		86,071.13	13.07
BANK CHARGES	10.00	.02		2,848.90	.43
CONTRIBUTIONS	150.00	.25		780.00	.12
COPYRIGHT FEES	.00	.00		1,951.11	.30
DUES AND SUBSCRIPTIONS	343.75	.58		3,902.50	.59
FOOD & ENTERTAINMENT	48.01	.08		978.24	.15
EQUIPMENT RENTAL	1,202.88	2.04		9,207.14	1.40
FRANCHISE APPLICATION FEES	.00	.00		10,276.77	1.56
GASOLINE AND OIL	653.40	1.11		7,843.89	1.19
INSURANCE	835.83	1.42		7,378.39	1.12
INSURANCE - W/C	314.58	.53		3,710.85	.56
LEGAL	39.00	.07		4,765.44	.72
LICENSES AND PERMITS	50.00	.08		2,314.74	.35
MATERIALS	715.49	1.22		5,860.55	.89
MEDICAL INSURANCE	701.57	1.19		9,318.65	1.42
OFFICE EXPENSE	276.89	.47		11,884.95	1.81
PAY PROGRAMMING	3,169.26	5.38		60,522.40	9.19
PAYROLL TAXES	1,022.16	1.74		10,611.31	1.61
POSSESSORY INTEREST TAX	473.85	.80		5,686.64	.86
POSTAGE	250.12	.42		3,816.34	.58
PERSONAL PROPERTY TAX	1,299.61	2.21		15,806.84	2.40
POLE ATTACHMENTS	516.41	.88		5,183.62	.79
RENT	468.70	.80		5,749.43	.87
REPAIRS & MAINTENANCE	155.88	.26		5,236.55	.80
SALARIES - OFFICE	1,672.00	2.84		18,414.00	2.80
SALARIES - OTHER	1,431.20	2.43		18,506.78	2.81
STATEMENT EXPENSE	1,401.63	2.38		9,230.61	1.40
SMALL TOOLS	(126.01)	(.21)		776.48	.12
SUPPLIES	89.24	.15		5,160.77	.78
TAXES - OTHER	28.93	.05		28.93	.00
TELEPHONE	658.16	1.12		6,857.79	1.04
TRAINING	296.82	.50		2,563.33	.39
TRAVEL	1,742.21	2.96		6,670.44	1.01
TRUCK EXPENSE	1,002.52	1.70		6,212.95	.94
UTILITIES	879.53	1.49		10,193.42	1.55
MISCELLANEOUS	5.59	.01		537.64	.08
	-----	-----		-----	-----
TOTAL OPERATING EXPENSES	\$ 29,650.48	50.34	\$	379,858.44	57.67

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 1994
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

THE COMPANY CONSTRUCTS, OPERATES AND MAINTAINS CABLE TELEVISION SYSTEMS IN THE FAIRFAX AREA. THE CORPORATION GRANTS CREDIT TO CUSTOMERS, SUBSTANTIALLY ALL OF WHOM ARE LOCAL RESIDENTS.

FIXED ASSETS

FIXED ASSETS CONSIST OF CABLE TV SYSTEMS, TEST AND OPERATING EQUIPMENT, OFFICE EQUIPMENT AND VEHICLES. DEPRECIATION ON THESE ASSETS IS COMPUTED FOR FINANCIAL STATEMENT PURPOSES BY A COMBINATION OF BOTH STRAIGHT-LINE AND DECLINING BALANCE METHODS APPLIED TO INDIVIDUAL ASSETS. THE ESTIMATED LIVES ARE FROM FIVE TO FIFTEEN YEARS.

FOR FEDERAL INCOME TAX PURPOSES, THE MODIFIED ACCELERATED COST RECOVERY SYSTEM IS USED FOR ASSETS ACQUIRED AFTER 1986.

BAD DEBTS

NO PROVISION HAS BEEN MADE FOR ACCOUNTS RECEIVABLE THAT MAY BE UNCOLLECTIBLE. IT HAS BEEN THE POLICY OF MANAGEMENT TO WRITE OFF BAD DEBTS IMMEDIATELY UPON SUCH DETERMINATION.

COMMON STOCK

10,000 SHARES OF COMMON STOCK WERE AUTHORIZED AND 4,000 SHARES HAVE BEEN ISSUED AT \$ 30.00 PER SHARE.

INCOME TAXES

INCOME TAXES FOR HORIZON CABLE TV, INC. FOR THE YEAR ENDED JULY 31, 1993 WERE \$ 800.00 FOR CALIFORNIA AND \$ -0- FOR FEDERAL. THE COMPANY FILES A CONSOLIDATED TAX RETURN WITH ITS PARENT CORPORATION, VIDEO ENGINEERING, INC. HORIZON CABLE TV, INC. IS A WHOLLY-OWNED SUBSIDIARY OF VIDEO ENGINEERING, INC., A PRIVATELY-HELD CORPORATION.

THE DIFFERENCES BETWEEN PRE-TAX ACCOUNTING INCOME AND TAXABLE INCOME, SUCH AS THE USE OF ACCELERATED METHODS OF DEPRECIATION, ARE NOT DEEMED TO BE MATERIAL. THEREFORE, A DEFERRED TAX LIABILITY HAS NOT BEEN RECOGNIZED.

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT - CONT'D
JUNE 30, 1994
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

STATEMENT OF CASH FLOWS

THE STATEMENT OF CASH FLOWS USES THE DIRECT METHOD.
THE CORPORATION CONSIDERS ALL HIGHLY LIQUID DEBT
INSTRUMENTS PURCHASED WITH A MATURITY OF THREE MONTHS
OR LESS TO BE CASH EQUIVALENTS.

LOAN FEES

LOAN FEES OF \$ 5,426.63, DATED NOVEMBER 11, 1993, ARE
BEING AMORTIZED OVER THE ONE YEAR LIFE OF THE LOAN.

NOTE B OPERATING LEASE

THE COMPANY IS LEASING A COMPUTER AND SOFTWARE FROM
ADVANTA. THE LEASE IS FOR A FOUR YEAR TERM BEGINNING
FEBRUARY, 1991 WITH A MONTHLY RENTAL OF \$ 251.90.

THE FOLLOWING IS A SCHEDULE BY YEARS OF MINIMUM LEASE
PAYMENTS AS OF JUNE 30, 1994.

YEAR ENDED JULY 31,	AMOUNT
1994	\$ 251.90
1995	<u>1,763.30</u>
	\$ 2,015.20

NOTE C RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS ARE INCLUDED ON THE SCHEDULE
OF NOTES PAYABLE AND CONSIST OF THE FOLLOWING:

VIDEO ENGINEERING, INC.	\$ 41,503.00
KEN DANIEL	\$ 640,249.99